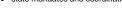


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Mills Act: A powerful preservation tool

- reinvigorating underutilized programs
- interior vs. exterior reviews
- structural, MEP work
- non-historic additions
- caps on benefits and loss of income predetermined termination date
- predetermined termination date
 determining responsement values
- determining reassessment valuesmunicipal and assessor staff training
- state mandates and coordination



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Roundtable Discussion

- Mike Buhler, San Francisco Heritage
- Lambert Giessinger, City of Los Angeles
- Susan Parks, City & County of San Francisco
- Marissa Moshier, Chattel, Inc. & City of Orange
 John Orange
 John Orange
- John Ciampa, City of San ClementeCarol Lemlein, Santa Monica Conservancy
- Carol Lemiein, Santa Monica Conserva
 Patricia Johnson-Conner, Los Angeles
- County Assessor • Shannon Lauchner, Office of Historic
- Preservation





California Preservation Webinar Series



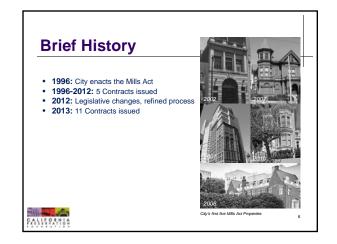
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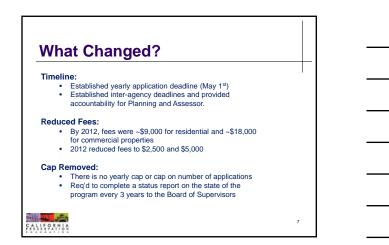
Mills Act in San Francisco

Susan Parks, Preservation Planner City and County of San Francisco, Planning Department

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2013

- 1 Application placed on hold in 2012
 4 applications submitted: May 1st
- Hosted "Mills Act Clinic" in Duboce Park Landmark District: June Legislative changes, MA application, scopes of work, valuation process
- Property owner meetings: June Aug
- 7 Applications submitted: Sept. 3rd
 6 approved (1 withdrawn)



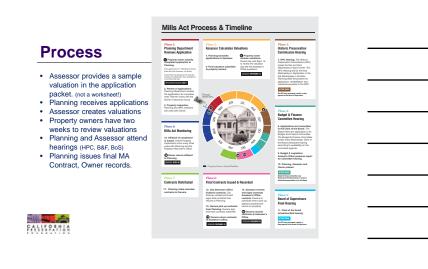
ark Landmark District Mills Act Contracts

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Mills Act: City of Orange

Marissa Moshier, Associate Chattel, Inc. | Historic Preservation Consultants & Contract Historic Preservation Planner marissa@chattel.us - 818-788-7954 x4

City of Orange

Enabled in 1998

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- Eligibility requirements:
 Contributor to Citu's
 - Contributor to City's
 historic districts
 - Separately listed in National Register/California Register
- Approximately 1300
 eligible properties
- Contracts approved by City Council once annually
- Cap of 10 new contracts
 per year





City of Orange

- Current reporting procedures:
 Property owners submit annual description of compliance with rehabilitation plan
- Developing inspection program:
- Phased inspections over 5 year period
- Updates to scopes of workExpanding Mills Act program:
- Expanding Mins Act program
 3 Eichler historic districts (300 additional eligible properties)

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Mills Act: San Clemente

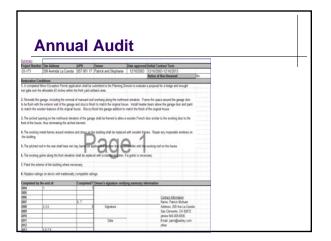
John Ciampa, Associate Planner, City of San Clemente CiampaJ@san-clemente.org - 949-361-6190

















Proposed Changes to Santa Monica Mills Act Program: November 2013 Landmarks Commission recommended improvements to the Mills Act application and implementation process • Strict adherence to city codes, Certificate of Appropriateness process,

- Strict adherence to city codes, Certificate of Appropriateness proces and Secretary of the Interior Standards
 Detailed professionally prepared work plan with assessment of
- Detailed, professionally prepared work plan with assessment of existing conditions, indicating proposed work, timeframe for completion and costs
- Annual reports describing work completed and monitoring by city staff every two years
 Staff responded with recommendation for an annual cap on total lost

Staff responded with recommendation for an annual cap on total lost revenue attributed to new contracts and a cap on the value of any individual new contract

and in

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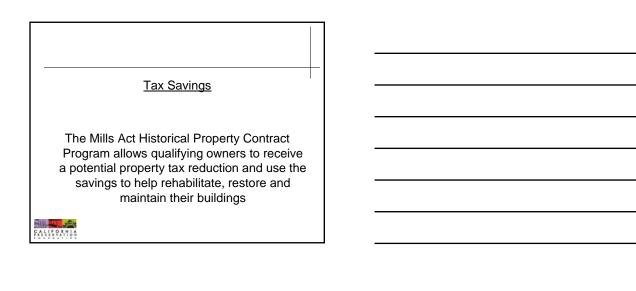
Response from Landmarks Commission and Conservancy

- Mills Act is Santa Monica's only financial incentive for preservation
- Program currently costs the City less than 0.3% of property tax receipts
 This investment has resulted in restoration of 57 designated properties
 There is no evidence of a rush to apply!
 - approximately 10% properties (~ 1500) are eligible for designation but application rate has typically been 5 or fewer per year
- Proposed caps create *disincentive* to designate and apply for a contract. • Cap on total new contracts would create uncertainty for property
 - owners, who must make a significant investment in the application without knowing what others will be made
 - A limit on the value of a contract could also discourage rehabilitation of a valuable property in poor condition, resulting in another loss to Santa Monica's historic character.

Late Breaking News: Proposal for caps now appears to have been dropped! 22







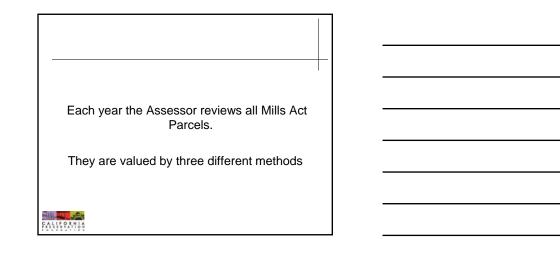
Older base years will usually not benefit from the Mills Act valuation

The Mills Act program is especially beneficial for recent buyers of historic properties and for current owners of historic buildings who have made major improvements to their properties.

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The Assessor is required to review all properties annually

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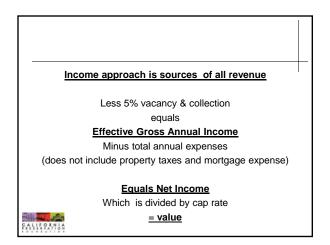
1) <u>Trended Base Value</u> (Prop 13) Purchase price trended to roll being prepared. New construction is added on to the trended base value

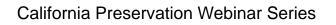
2) <u>Market Approach</u> Comps used are non-Mills Act parcels

3) Income Approach

All sources of income (potential rent, movie rentals, etc)

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	What makes up the cap rate?
	SBE INTEREST COMPONENT
	+
	RISK COMPONENT
	(SFR/CONDO =4%, NON-SFR=2%)
	+
IMP TO BASE	VALUE RATIO X BLDG AMORIZATION COMPONENT
	+
	TAX RATE (TRA) COMPONENT
	NET INCOME
HARA BEAR	CAP. RATE
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The Assessor chooses the lowest of the three values (trended base, market or income).

This is the value that the Mills Act parcel receives for the tax year.

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The new assessment will be reflected on the subsequent property tax bill issued in October, with the first bill due by Dec 10th

There are no retroactive provisions

Mills Act: California Office of Historic Preservation

Shannon Lauchner, Historian II, Local Government Unit California Office of Historic Preservation <u>shannon.lauchner@parks.ca.gov</u> - (916)445-70136